

# A BRIEF HISTORY OF MONTANA'S PUBLIC EMPLOYEE PENSION SYSTEMS<sup>i</sup>

## CREATION OF MONTANA'S STATEWIDE PUBLIC EMPLOYEE PENSION SYSTEMS

### DEFINED BENEFIT PROGRAMS

- **1937** – Teachers' Retirement System (TRS) is established.
- **1945** – Public Employees Retirement Law is passed; Public Employees' Retirement System (PERS-DB) and Highway Patrol Officers' Retirement System (HPORS) are established.
- **1963** – Game Wardens' and Peace Officers' Retirement System (GWPORS) is established.<sup>ii</sup>
- **1965** – Volunteer Firefighters' Compensation Act (VFCA) is passed.
- **1967** – Judges' Retirement System (JRS) is established.
- **1974** – Municipal Police Officers' Retirement System (MPORS) and Sheriffs' Retirement System (SRS) are established.
- **1981** – Firefighters' Unified Retirement System (FURS) is established.

### DEFINED CONTRIBUTION PROGRAMS

- **1987** – Montana University System Retirement Program (MUS-RP) is established.<sup>iii</sup>
- **1999** – PERS Defined Contribution Retirement Program (PERS-DC) is created.

## LEGISLATION IMPACTING MONTANA'S PUBLIC EMPLOYEE PENSION SYSTEMS: 1997- PRESENT<sup>iv</sup>

### 1997 REGULAR SESSION

- **HB 170** – Establishes Guaranteed Annual Benefit Adjustments (GABA) for the MPERA<sup>v</sup> pension systems.
- **HB 90** – Calls for an interim study of public pension systems and the development of a defined contribution plan within PERS.<sup>vi</sup>

### 1999 REGULAR SESSION

- **HB 72** – Establishes GABA for TRS.
- **HB 79** – Creates the Defined Contribution plan within PERS.

### 2001 REGULAR SESSION

- **HB 294** – Increases GABA amount for MPERA systems and TRS (with conditions for TRS).
- **HB 472** – Transfers Peace Officers from PERS to GWPORS.

### 2003 REGULAR SESSION

- No significant legislation related to public pension systems.

### 2005 REGULAR SESSION

- **HB 102** – Changes appropriation source and schedule for HPORS.
- **SB 370** – Adds Detention Officers to SRS.

## 2005 SPECIAL SESSION

- **HB 1** – Provides infusion of funds to TRS and PERS-DB.

## 2007 REGULAR SESSION

- **HB 63** – Increases employer contributions and adds \$50M cash infusion to TRS.
- **HB 131** – Decreases GABA for new hires and increases employer contributions for MPERA systems.
- **HJ 59** – Calls for a study of public retirement systems and the creation of the Legislator's Guide to Montana's Public Retirement Systems.<sup>vii</sup>

## 2007 SPECIAL SESSION

- No legislation related to public pension systems.

## 2009 REGULAR SESSION

- **HB 659** – Calls for the SAVA Committee to examine the public pension systems and provide funding and benefit change recommendations to the next Legislature.<sup>viii</sup>

## 2011 REGULAR SESSION

- **HB 116** – Changes some benefit provisions in TRS to improve actuarial soundness.
- **HB 122** – Reduces benefits and increases contribution rate for new hires in PERS-DB.
- **HB 134** – Reduces benefits and increases contribution rate for new hires in GWPORS.
- **HB 135** – Reduces benefits and increases contribution rate for new hires in SRS.

## 2013 REGULAR SESSION

- **HB 377** – Applies to TRS; creates two membership tiers; changes employee and employer contributions; reduces GABA for new, current, and retired members; establishes \$25M supplemental funding; changes retirement and early retirement eligibility criteria; changes calculation for average final compensation; and changes eligibility for disability retirement; mandates yearly actuarial report to SAVA.
- **HB 454** – Applies to PERS-DB; changes employee and employer contributions; appropriates unallocated portion of coal severance tax collections and revises the allocation of interest income from the coal tax permanent fund; and reduces GABA for new, current, and retired members.<sup>ix</sup>

## 2015 REGULAR SESSION

- No significant legislation related to public pension systems.

## 2017 REGULAR SESSION

- **HB 383** – Increases employee and employer contribution rates and increases funding to SRS to improve actuarial soundness.
- **HB 648** – eliminates coal tax appropriation to the PERS-DB trust fund.

## 2017 SPECIAL SESSION

- No significant legislation related to public pension systems.

## 2019 REGULAR SESSION

- **HJ 39** – Requests that the Legislative Audit Committee prioritize a performance audit to assess the viability and efficiency of combining TRS and MPERA administrative operations.<sup>x</sup>

## 2021 REGULAR SESSION

- **HB 72** – Revises funding of HPORS to improve actuarial soundness.
- **HJ 8** – Calls for a study of public DB systems and recommendations for a long-term strategic approach to funding.
- **SB 175** – Changes the employer contribution rate for JRS to reduce the system's funding surplus.

## 2023 REGULAR SESSION

- **HB 117** – Adjusts provisions for working retirees in TRS
- **HB 569** – Appropriated OTO funds to HPORS, SRS, and GWPORS; moves JRS, HPORS, SRS, and GWPORS to layered amortization policy; changes retirement eligibility criteria for HPORS and SRS
- **SB 18** – Adds benefit policy statement to all pension systems to prohibit the addition of new benefits without funding
- **SJ 4** – Calls for a study of PERS and TRS DB systems and recommendations for a long-term strategic approach to funding

## NOTES & ADDITIONAL RESOURCES

---

<sup>i</sup> Includes bills and actions related primarily to the state's defined benefit plans (e.g. major funding changes, GABA changes, contribution changes, etc.). Does not include routine housekeeping bills, minor plan changes, or defined contribution plan changes.

<sup>ii</sup> The plan was originally called the Game Wardens' Retirement System. The name was changed to GWPORS in 2001 with HB 472.

<sup>iii</sup> The plan was originally called the Optional Retirement Program (ORP). The name was changed to MUS-RP in 2013 with HB 320.

<sup>iv</sup> 1997 has been used as the starting point in the past several pension history documents and Legislative guides.

<sup>v</sup> MPERA = Montana Public Employee Retirement Administration

<sup>vi</sup> Materials are not available online.

<sup>vii</sup> All materials related to the study are under the Publications tab on the 2007-2008 SAVA website:

<https://leg.mt.gov/committees/interim/past-interim-committees/2007-2008/2007-2008-state-administration-and-veterans-affairs-committee/>

<sup>viii</sup> All materials related to the study are on the HB 659 study page on the SAVA 2009-2010 website:

<https://leg.mt.gov/committees/interim/past-interim-committees/2009-2010/2009-2010-state-administration-and-veterans-affairs-committee/hb-659-retirement-plan-study-and-redesign/>

<sup>ix</sup> Two lawsuits – *Association of Montana Retired Public Employees v. State* (HB 454) and *Byrne v. State* (HB 377) – were filed after the session challenging the GABA changes for current and retired members and those provisions were later removed, applying the GABA decreases only to new hires hired after July 1, 2013.

<https://leg.mt.gov/content/Committees/Interim/2015-2016/State-Administration-and-Veterans-Affairs/Meetings/August-2015/5217GAFA.pdf>

<sup>x</sup> The Legislative Audit Committee did review the request, but it did not get enough votes in either 2020 or 2021 to make the final list of performance audits planned for either year.